



**CITY OF SCOTTSDALE  
TOURISM DEVELOPMENT COMMISSION  
REGULAR MEETING**

**TUESDAY, NOVEMBER 17, 2009**

**GATEWAY TO THE PRESERVE CONFERENCE ROOM  
18333 N. THOMPSON PEAK PARKWAY  
SCOTTSDALE, ARIZONA 85255**

**APPROVED MINUTES**

**PRESENT:** Mike Surguine, Vice Chairman  
Kate Birchler, Commissioner  
Sam Fox, Commissioner (left at 9:24 a.m.)  
David Richard, Commissioner  
Richard Bibee, Commissioner

**ABSENT:** John Holdsworth, Chairman  
Leon Young, Commissioner

**STAFF:** Kathy O'Connor, Tourism Development Manager  
Steve Geiogamah, Tourism Development Coordinator  
Lee Guillory, Financial Services

**GUESTS:** Rachel Sacco, SCVB  
Brent DeRaad, SCVB  
Bill Banchs, President and CEO – Scottsdale Cultural Council  
Bruce Skinner, Competitor Group  
Carrie Wilhelme, Senior Planner

**1. Call to Order/Roll Call**

Vice-Chairman Surguine called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:14 a.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

## **2. Approval of Minutes**

**COMMISSIONER BIBEE MOVED TO APPROVE THE MINUTES OF THE OCTOBER 20, 2009 REGULAR MEETING. COMMISSIONER RICHARD SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0). CHAIRMAN HOLDSWORTH AND COMMISSIONER YOUNG WERE ABSENT.**

**COMMISSIONER BIRCHLER MOVED TO APPROVE THE MINUTES OF THE OCTOBER 27, 2009 REGULAR MEETING. COMMISSIONER BIBEE SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF FIVE (5) TO ZERO (0). CHAIRMAN HOLDSWORTH AND COMMISSIONER YOUNG WERE ABSENT.**

## **3. Manager's Update**

### **a. Staff bed-tax collection report**

Tourism Development Manager Kathy O'Connor indicated Bed Tax revenues are down approximately 17 percent year-to-date through September. Preliminary October numbers continue on a downward trend, decreasing 24 to 25 percent. The good news for the City is that other privilege tax collections are trending to the forecast.

### **b. Bed Tax Proforma**

Lee Guillory highlighted a change in the format of the Proforma Report, noting the 08/09 column is now titled "Actuals". Staff will be going to the Budget Review Commission and City Council in January, asking for their approval to reduce the budget revenues for the Bed Tax and Hotel Sales Tax. A 17 percent decrease in the Bed Tax represents approximately \$1 million. Vice Chair Surguine stated that is consistent with the Commission's recent discussions.

### **c. Smith Travel Report**

Commissioner Bibee stated he believes he sees signs of a leveling off in occupancies. If that continues, it would give the hoteliers some pricing strength. Vice Chair Surguine stated he does see strengthening on the demand side, but it will take some time for rates to recover.

Commissioner Fox stated the restaurant industry is up one percent so far for the month of November. Weekends feel strong and lunches seem to be coming back.

Commissioner Birchler discussed the opening of Barney's, and stated it was definitely a revenue generator and has had a positive effect on the area. Fashion Square is cautiously optimistic about the Christmas season; the focus this year is on value for the customer.

### **d. Manager's Update**

Ms. O'Connor discussed the work being done by the McDowell Corridor Task Force; in particular, the creation of a potential events center. The Task Force is currently in the information gathering stage, and the City has requested nothing specific. If the City does decide to move ahead with that concept, more than likely a formal RFP process

would be required along with a feasibility analysis. Ms. O'Connor directed the Commission to the McDowell Corridor Task Force's web page for more detailed information.

In response to an inquiry by Vice Chair Surguine regarding whether a member of the tourism industry is on the Task Force, Ms. O'Connor indicated the Task Force members are Council appointees; however, the meetings are public and if someone from the tourism industry wanted to attend that is an option.

Commissioner Richard asked what void the Task Force fills. Ms. O'Connor stated the Council created the Task Force in response to the departure of the auto dealers to discuss possibilities for the area in the future.

Commissioner Bibee said if an event center is seriously being considered it would be of great interest to the tourism community; tourism should have a seat at the table in those discussions.

Ms. O'Connor said if the Commission has an interest in providing input or feedback regarding this issue, a memo or email on behalf of the Commission could be drafted.

Commissioner Richard expressed concern regarding beginning a capital project that could dilute current efforts like the Desert Discovery Center.

#### **4. General Plan Update and Possible Action on Commissioner Appointment to the General Plan Working Group**

Advanced Planning Senior Planner Carrie Wilhelm informed the Commission that she is the project manager of the 2011 General Plan Update. She stated she would like a member of the Commission to be appointed to the General Plan Working Group. The Working Group will be comprised of one person from each board and commission. The group will meet twice a month on Mondays from 4:30 to 6:30 p.m. from January 2010 to August. This is an important issue, because the General Plan is the one document from the City that must be on the ballot.

Ms. Wilhelm explained the purpose of the General Plan; indicating State statute requires that every city have a General Plan, and that it be revisited and placed before the voters every ten years. This is a three-year process that started in 2009. In this revision, the City hopes to remove redundancies and simplify the Plan. A complete rewrite of the Economic Vitality element will be undertaken.

The Working Group will be a 19-member body, chaired by the Planning Commissioner member. It is important that whoever is appointed tries to attend all scheduled meetings. The appointee will act as a liaison between the Working Group and their respective board or commission. She suggested that a standing item be added to the agenda during this time to discuss the Working Group's progress, which would allow the Commission to provide feedback that the appointee could bring to the Working Group.

The Commissioners agreed to review their schedules and make the decision at their next regular meeting.

## **5. Scottsdale Cultural Council Program**

President and CEO of the Scottsdale Cultural Council Bill Banchs discussed the Latin Jazz Festival that was just held, indicating the event was designed to be one that will grow for years to come. The SCC is determined to continue to produce cultural events such as this that will become destination events for the City. The 2007 Cultural Assessment revealed there is more interest in jazz than in any other fine art form. The Latin Jazz Festival was extremely well received. Media partners who participated included Cox Communications, 99.9 KEZ, the Arizona Republic, AZ Weekly, KJZZ, ShowUp.com, and Smooth Jazz 95.5.

Mr. Banchs discussed renovated Performing Arts Center facilities, and proposed that the TDC hold one of its meetings there in the near future in order to tour the new hall.

The SCC will be holding the Destination China event in the spring of 2010, designed to be an exploration of Chinese culture. A high-level business symposium will be held in conjunction with the event. The events are designed to foster tourism. As part of its long-range plans, the SCC plans to punctuate its season with major events like this, along with the usual smaller events.

Mr. Banchs discussed their new season brochure, indicating it has been redesigned to speak loud and clear about the role the SCC plays in the community and the economy. He invited the Commission to share its ideas through the staff liaison.

Commissioner Bibee asked if any events stand out in regard to drawing significant visitation. Mr. Banchs indicated larger events that occur every year build more interest. That has been lacking within the organization in past years, and the SCC plans to hold four or five large events or festivals during the season that will facilitate this. The SCC is in the process of hiring a consultant to write a facilities feasibility study in order to identify the facilities and tools needed to accomplish this.

Vice Chair Surguine stated the TDC would like to be involved in any event that attracts significant out of market visitation.

## **6. Proposed Competitor Group 2010 PF Chang Rock 'n' Roll Marathon Agreement**

Bruce Skinner from the Competitor Group stated the Rock 'n Roll Marathon has become a huge event encompassing 13 cities. The Group meets with tourism officials before holding a race in any city, since 60 to 70 percent of participants come from out of state. Mr. Skinner discussed the history of the PF Chang Rock 'n Roll Marathon, stating the 29,434 participants in the first race made it the largest first-time race in the history of the world. The event seems to be recession proof. While sponsorship dollars are down, participant numbers are up. Over 59 percent of the runners in the last marathon came from out of state, generating \$9.7 million in economic impact for Scottsdale alone; 22.1 percent of the out-of-state runners stayed in Scottsdale. In order to create additional opportunities for the City, the group is holding a Spa Monday program the day after the race. Ninety-three percent of participants register online, and the hotels listed

first on the site are headquarter hotels. This should generate more business for Scottsdale businesses.

Commissioner Bibee asked if there were any changes to the agreement this year. Brent DeRaad discussed the changes to this year's agreement, as follows:

- A minimum of five Scottsdale hotels and resorts were included as official headquarter properties.
- The event will be broadband broadcast on Competitor.com, with opportunities for two SCVB 15-second commercials.
- Printed brochure featuring the official hotels in Scottsdale and Paradise Valley will be distributed through an email campaign.

In response to an inquiry by Commissioner Bibee, Mr. Skinner indicated this is the fifth largest endurance race in the country; it is the largest marathon/half marathon combined, and the second largest half marathon in the world.

Ms. O'Connor asked if there is an opportunity to create a partnership with the SCC in the future. Mr. Skinner said the group would be open to that as it is attempting to create as many opportunities as possible.

**COMMISSIONER BIRCHLER MOVED TO RECOMMEND ALLOCATING BED TAX FUNDING IN THE AMOUNT OF \$75,000, AND \$55,000 IN CITY IN-KIND SERVICES FOR THE PF CHANG'S ROCK 'N ROLL MARATHON. COMMISSIONER RICHARD SECONDED THE MOTION, WHICH CARRIED BY A VOTE OF FIVE (5) TO ZERO (0).**

Commissioner Richard discussed pursuing musical events like Florence's Country Thunder for the WestWorld facilities. Ms. O'Connor said staff has talked about marketing WestWorld as a music and entertainment venue in the future.

## **7. Findings and Implications of the 2009 Leisure Visitor Inquiry Study**

Tourism Development Coordinator Steve Geiogamah gave a brief history of the survey, indicating this is the twelfth year it has been completed. The survey focused on leisure travel is administered by Behavior Research and Associates. City and SCVB staff review and discuss the survey questions each year. While some questions are fairly consistent every year, others relate to current trends and conditions. Approximately 600 individuals were surveyed.

Some highlights of this year's survey include:

- This year's conversion ratio was 76 percent, which continues to trend upward.
- Visitor satisfaction levels continue to trend very high.
- Increase in repeat visitation.
- Hotel use continues to trend downward from 68 percent to 57 percent, with the largest decline in the luxury resort category.
- Slight increase in the rental hotel/apartment/condo category.
- Average daily spending decreased from \$455 to \$391.

- 30 percent of survey participants indicated they would take more trips in the coming months, 22 percent indicated fewer.
- Participation in desert activities rebounded from last year's survey results.

In regard to the question concerning the likelihood of a visit in the next 12 months, Commissioner Bibee stated there is no data to compare that against since it was a new question for the survey.

Commissioner Bibee noted a drop off in visitation from the northeast and indicated the region plays a significant role in revenues. He expressed concern regarding the decrease in marketing to the area. Mr. DeRaad stated there is a trend for people to stay closer to home; however, the very affluent northeast traveler is most likely still visiting Scottsdale. Commissioner Richard noted that is the biggest drop geographically.

Commissioner Birchler said the data shows decreases in the fall shoulder season, and stressed the importance of having activities and events during that time period.

Commissioner Bibee pointed out the decrease in nightlife and Gen X-Y visitation. Mr. Geiogamah pointed out that the age demographics continue to trend upward along with income levels. Large events like the Super Bowl could have created an anomaly.

Commissioner Bibee asked if the results of the surveys suggest that current economic conditions could regularly impact the City's luxury brand position. Mr. Geiogamah said there might be changes after the economic downturn stabilizes. Travel preferences must continue to be monitored in order to address this issue.

In response to an inquiry by Commissioner Richard regarding timeshare market and bed-tax collections, Ms. O'Connor indicated units rented on a day-to-day basis of 29 days or less are subject to the Bed Tax.

Vice Chair Surguine suggested a comparison be made with the last recession in 2001, to see what steps the City took to recover.

Ms. O'Connor pointed out that 93 percent of Scottsdale visitors rate the City as either excellent or good. It is consistently trending in the direction of good rather than excellent, evidence that the City should be on guard in regard to product offerings.

#### **8. 5% Bed Tax Increase Ballot Form and Non-Destination Marketing Portion of Bed Tax**

Ms. O'Connor presented the ballot format, allocating 50 percent for destination marketing if the 5% bed tax rate is approved by the voters. It does not specifically state how the non-destination marketing portion would be used. The Council's decision was to defer the conversation regarding non-destination marketing until after the election. If the Commission wishes to weigh in on the issue, it can be placed on December's agenda. The City Council has an action item on tonight's agenda to call the election.

Commissioner Bibee asked if it would be appropriate for the Commission to provide the Council with recommendations as to tourism and capital projects. Ms. O'Connor responded there is a history of tourism recommendations on capital projects. In the past, the Commission has used an evaluation matrix to consider economic, lifestyle, and

other benefits. Staff would be meeting with some Council members individually to talk about this, and will provide the Commission with that feedback. The TDC's capital project evaluation matrix will be provided at the next meeting.

**9. Identification of Future Agenda Items**

None noted.

**10. Public Comment**

No members of the public wished to address the Commission.

**11. Adjournment**

With no further business before the Commission, the meeting adjourned at 10:04 a.m.

Respectfully submitted,  
A/V Tronics, Inc. DBA AVTranz